

March 6th, 2018

The Honorable Kiyo A. Matsumoto
United States District Judge
Eastern District of New York
225 Cadman Plaza East
Brooklyn, NY 11201

Re: United States v. Martin Shkreli, Crim No.15-637 (KAM)

Dear Judge Matsumoto,

I write regarding the Martin Shkreli sentencing and proposed Vyera Pharmaceuticals forfeiture order. It is my view that irreparable damage is likely to occur from Shkreli's continued Vyera ownership, and control, from jail, including to (1) Vyera's continued operation, (2) the Government's financial interest in Vyera as a restitution payment source and (3) Vyera's patient population including potential preventable deaths.

As publicly reported, this past June, Shkreli won a 12-month, contentious shareholder battle to reassert his effective company control. His new Board then terminated, or stimulated resignations, of most remaining experienced management. In October 2017, Shkreli and the newly appointed Board successfully executed a tender to further increase the controlling Vyera ownership interest. This move was to further isolate minority shareholders and any outside influence advocating for a different approach to Vyera. sales, marketing and pricing.

After his June, 2018 Board victory, Mr. Shkreli as controlling shareholder inserted a new 3-person Board. The Board subsequently appointed 2 of the 3 Board Members as CEO and CFO. Having these board members fulfill senior roles eliminates any oversight what so ever. The board simply approves their own actions despite what may be in the best interest of the public, minority shareholders and patients. In my 20+ years evaluating management teams as an investor, this new Vyera management team appears to be one of the least experienced Pharma teams I have encountered and appear to be simply working as directed by Shkreli. Shkreli's current association via his controlling interest jeopardizes Vyera's on going operations and Daraprim drug's availability.

By way of background I'm a Canadian private equity finance professional and have led an attempt to acquire Turing, now Vyera, since April 2017. I sent offers multiple times directly to the Vyera management team, Turing's Lawyer and directly to Mr. Shkreli in jail. Shkreli, the management team and/or his attorneys have blocked, rejected and/or ignored all of our offers – often not even communicating the offers to all minority shareholders in a timely manner. My understanding is that other bidders have been


similarly treated. From the Government's financial perspective, the impact is that Vyera's value will continue to decrease given the current direction that the lead shareholder (Shkreli) is advocating for the company. As result to protect the government's restitution order immediate seizure of the Vyera shares should take place.

Last May, as publically reported, then Turing received a \$100 million offer. <https://www.biospace.com/article/turing-receives-100-million-offer-on-drug-that-made-b-martin-shkreli-b-famous-/> . We made an offer for the Company in a similar price range. Today, our offer reflects, and any other offer would similarly reflect, the Company is worth a fraction of that value from 10 months ago.

Under new ownership, ours or others, truly experienced and ethical Pharma industry executives would manage Vyera differently to ensure it's viability and repair the damage done to the patient population. However it's unlikely with an extended appeal - in addition to a further decrease of Vyera's value - we will continue to pursue this opportunity. Our offer like others in the past will simply cease to exist.

While acknowledging some fact pattern differences, I call the Court's attention to the 2016 order by Delaware Chancery Court Chancellor Bouchard for Transperfect Inc., a private NYC business, to be sold because ownership had created an atmosphere of "complete and utter dysfunction". From the facts, it would appear the transperfect dysfunction pales in comparison to the unprecedented Vyera/Turing dysfunction.

Regards



Thomas Pressello

Director

Active Hedge Capital Inc.